

year, or 46 percent of the premiums, from the SAIF. As the percentage of premiums paying the FICO obligation continues to increase, the capitalization of the SAIF slows. Without corrective legislation, the SAIF may never capitalize, putting the taxpayer at risk.

In February 1995, the Federal Housing Finance Board noted that thrifts are unlikely to meet the FICO interest payments through their maturity. Price Waterhouse, FICO's outside auditor, and GAO have reported that if the assessment base continues to shrink a FICO default will occur by the year 2000.

The portion of the SAIF deposit base available to pay the FICO obligation has declined at an annual rate of 10 percent because insurance premiums paid by so-called Oakar and Sasser banks cannot be used to pay the FICO obligation. An Oakar bank is a BIF member that has acquired a thrift and therefore pays into the BIF and the SAIF. A Sasser institution had a savings association charter and has converted to either a commercial bank or State savings bank. A Sasser bank remains a SAIF member.

The SAIF is grossly undercapitalized. Currently, the SAIF has \$2 billion in reserves backing up approximately \$693 billion of insured deposits. This is about 28 cents for every \$100 of insured deposits which is far below the Congressionally mandated reserve ratio of \$1.25 per \$100. In order to meet the designated reserve ratio the SAIF needs approximately \$8.5 billion, an additional \$6.5 billion to its reserves.

According to Jonathan Fiechter, the Acting Director of the Office of Thrift Supervision, "The SAIF is weak \* \* \* A sudden economic downturn, a weakness in a particular real estate market, or unexpected stress on the deposit insurance system could overwhelm the thinly capitalized SAIF and render it insolvent."

An undercapitalized SAIF puts the taxpayer at risk. On June 30 of this year the RTC will no longer be responsible for resolving failed thrifts. This means that losses in excess of SAIF reserves must be covered by the taxpayer.

According to the FDIC, problem thrifts currently hold \$31 billion in assets and the SAIF only has \$2 billion in reserves. This is simply not enough because the failure of one of the large problem thrifts or a combination of small problem thrifts could deplete the reserves of the SAIF and leave the taxpayer holding the bag, again.

Additionally, even if the SAIF becomes fully capitalized, the OTS believes that the fund will not be sound. A key ingredient to a sound insurance fund is size. The fund must be large enough to spread risk and absorb a series of simultaneous losses of at least moderate size. Since the fund is much smaller than Congress anticipated due to the faulty assumptions, the SAIF fails to meet the basic standards of size and diversity.

This issue must be addressed now. The Federal Deposit Insurance Amendments of 1995, protects the taxpayer from footing the bill resulting from another savings and loan fiasco.

## THE ARMS CONTROL AND DISARMAMENT AGENCY

### HON. JOHN JOSEPH MOAKLEY

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 7, 1995

Mr. MOAKLEY. Mr. Speaker, I want to share with my colleagues an editorial recently published in the Boston Globe which highlights the impact of legislation pending before the House and Senate which would fold the U.S. Agency for International Development, the United States Information Agency and the Arms Control and Disarmament Agency into the State Department. I think that the Globe makes a very strong case for allowing the Arms Control and Disarmament Agency to retain its current status as an independent agency.

#### THE MASOCHISM OF CHAIRMAN HELMS

All other systems are worse than democracy, Winston Churchill once observed. But there are moments when it is salutary to remember that Churchill also recognized that democracy can look plenty bad. This is one of those moments.

Grandstanding, demagoguery and perversity: These are some of the qualities on display in congressional attempts to restructure and cut funding for agencies that carry out US foreign policy.

Though budgets of these agencies should be scrutinized for economies and pruned accordingly, the legislation initiated by the chairman of the Senate Foreign Relations Committee, Sen. Jesse Helms, is composed of measures that would, if implemented, do grave harm to US interests and to millions of people around the world.

In a spirit of score-settling, Helms, a North Carolina Republican, and other conservatives in Congress have been truffling the House and Senate foreign aid bills with irresponsible provisions pertaining to America's lost sovereignty over the Panama Canal and abortion in China. In a hamhanded manner, they have also been seeking to meddle in the Clinton administration's delicate negotiations to make North Korea abandon its nuclear weapons program without having to bomb Pyongyang's cooling ponds. The posturing of Helms and his emulators in the House, if judged by its likely effects, amounts to a show of unwitting masochism.

Of three independent agencies the Helms bill would absorb into the State Department—the US Agency for International Development, the US Information Agency and the Arms Control and Disarmament Agency—the strongest case for preserved independence belongs to the arms control agency. Not only does this lean, inexpensive agency have the most impressive record of achievements and the most fateful missions in the aftermath of the Cold War, it also owes its success to its status as a separate, specialized entity.

The agency has saved taxpayers billions of dollars and enhanced US security because it has been able to offer advice on policy directly to the secretary of state and the president. Its expert judgments on Pakistan's nuclear weapons capability or on the proper interpretation of the Anti-Ballistic Missile Treaty, for example, did not have to be trimmed or inverted to comply with the parochial bureaucratic interests of the Departments of State and Defense.

Without the independence of the Arms Control and Disarmament Agency, the other national security bureaucracies would hardly have pursued the banning of the Soviet

Union's dangerous and destabilizing SS-18, an intercontinental ballistic missile with multiple warheads. Nor would the United States be on the road to a comprehensive nuclear test ban treaty and a verifiable Biological Weapons Convention. If the arms control agency were folded into the State Department, as Helms proposes, its decisive, expert influence on crucial issues of national security would inevitably be diluted. The loss would be incalculable.

#### THE PTA

### HON. BENJAMIN L. CARDIN

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 7, 1995

Mr. CARDIN. Mr. Speaker, I rise today on behalf of Parkville Middle School in my district. I received a large notebook of letters and artwork from Parkville students, requesting a commemorative stamp in honor of the Parent Teacher Association [PTA]'s 100th anniversary in June 1996. Most of us have been PTA members ourselves and we know that this outstanding organization has dedicated itself to strengthening the family-school-community partnership which is essential to quality education.

The PTA has an impressive record. It has been involved in working toward achieving better schools, healthier children, and stronger families for our Nation's future. Over the years, it has conducted nationwide campaigns to promote awareness on such issues as drug and alcohol abuse, protection of the environment, teacher appreciation, safety, AIDS, and the promotion of positive self-images.

In 1912, the PTA sponsored the first hot-lunch programs in our schools. In 1941, it initiated a nationwide school-lunch program. The PTA is responsible for the organization of field trips, launching health information projects, and sponsoring events which create a more well-rounded, quality educational experience.

I would like to read to you a couple of reasons these students want to commemorate the PTA:

Also in 1976 they began a nation wide project to combat violence on television. This was needed so that children will behave in play and in class without violence. Remember, children can not vote what they want, that's what the PTA does.

I remember when at my old school Villa Cresta Elementary and my big fifth grade trip was coming up, a thrilling three days at Camp Wo-Me-To. The Villa Cresta PTA paid the rent fee for each cabin so all us fifth graders only had to pay for food and activities such as rock climbing and stream study. The camp fee was able to let low income families pay for their child's trip. Do you remember when you were a kid in especially elementary school or even middle or high school when the PTA did something for your school like a Fun Fest or Fiesta? Well I do remember.

I believe that the PTA should get a commemorative stamp in honor of the National PTA. My personal experience with the PTA is that in my old Elementary School, Fullerton, our PTA made a day for us kids. The day was called Fun Fest Day.

I am sure that many of you have received similar letters from your constituents. I have written to the National Stamp Advisory Committee expressing my support for commemorating the PTA's 100th anniversary next year.

I encourage my colleagues to support this effort as well.

THE SACRED HEART CATHOLIC  
CHURCH CELEBRATES 100 YEARS  
IN BLUEFIELD

**HON. NICK J. RAHALL II**

OF WEST VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 7, 1995

Mr. RAHALL. Mr. Speaker, 1995 is a memorable year for the residents of Bluefield, WV. For it was 100 years ago that the Sacred Heart Catholic Church was dedicated on Mercer Street. The theme of this years celebration is "Remember, Rejoice, and Renew."

Late in the 19th century, the coal industry, the railroad, and commercial trade brought numerous Catholics to southeastern West Virginia. The first Catholic service in Bluefield took place on Princeton Avenue, when the Reverend John McBride came on horseback from Wytheville, VA, to perform the ceremony. Mr. Speaker, the first Catholic service in Bluefield even predated the incorporation of the city of Bluefield, WV.

Five years later, in 1984, the Most Reverend P.D. Donahue, Bishop of the Diocese of Wheeling, WV, appointed the Reverend Emile Olivier the pastor of the growing Catholic community in Bluefield. Through Reverend Olivier's tutelage and the hard work of the parish, the Sacred Heart Church was dedicated on Mercer Street in Bluefield on October 27, 1895. The church continued to grow and was responsible for the creation of other Catholic communities in Powhatan, Gary, Welch, Williamson, Princeton, and Our Lady of Lourdes in Bluefield.

Mr. Speaker, the Sacred Heart Church in 1995, as in 1895, is a family of Christians whose mission it is to bring about the Kingdom of God on Earth by their worship, evangelization, and strengthening of relationships and service to church and community. It is with great honor that I help to honor the centennial year of Bluefield's Sacred Heart Church. Remember, Rejoice, and Renew.

UNEMPLOYMENT COMPENSATION

**HON. PETER J. VISCLOSKY**

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 7, 1995

Mr. VISCLOSKY. Mr. Speaker, as the 104th Congress considers changes to the unemployment compensation [UC] system, I would like to bring to your attention a recent speech by Leon Lynch, Vice President of the United Steelworkers of America. Mr. Lynch's views, which focus on the unemployment insurance reforms recommended by the Advisory Council on Unemployment Compensation, were delivered to the National Foundation for Unemployment Compensation and Workers Compensation last month in Atlanta. These remarks provide an important viewpoint that should become part of the debate over UC reform.

REMARKS OF LEON LYNCH TO THE NATIONAL FOUNDATION FOR UNEMPLOYMENT COMPENSATION AND WORKERS COMPENSATION

The focus of my presentation today is unemployment insurance reforms rec-

ommended by the Advisory Council on Unemployment Compensation. To date, the Council has issued two reports containing a number of recommendations to improve our unemployment insurance program. The Council's major recommendations are focused on bringing the unemployment insurance system more into line with the realities of the 1990s economy and labor market. I believe they deserve the support of business and labor, and I want to explain why.

Since I joined the Advisory Council only late last summer, I did not directly participate in the adoption of the recommendations of the first report, which dealt mostly with the reform of the extended Benefits (EB) program. The second Council report, released in February 1995, focused broadly on the regular UI program. I was on board last year and I voted in favor of the recommendations of that report. The third and final report, due in February 1996, will focus on the administrative aspects of UI.

In all honesty, I am continuing to learn about our unemployment compensation system from the testimony presented by witnesses at Advisory Council meetings, the briefing papers prepared by Advisory Council staff, discussions among the Advisory Council, and meetings such as this. I have enjoyed my participation in the work of the Advisory Council and I hope to work for the adoption of the Council's recommendations at both the federal and state levels.

Having admitted that I am not an unemployment insurance expert, however, should not be taken as less than my full endorsement of the recommendations of the Advisory Council to date. You don't need a Ph.D to understand that our UI system is neither serving the needs of unemployed workers nor employers as well as it should.

As a trade union leader, I have long understood the terrible human impact of the defects in our UI system. These defects are much clearer to close observers. If you haven't done so, I encourage you to review the Advisory Council reports. They contain many more facts supporting the Council's recommendations than I can cover today. I hope you will take the time to review the reports since even those who regularly deal with UI will find a fair and impartial review of all aspects of the UI program.

I often hear employer representatives claim that our UI system isn't broken. I challenge you to read the reports with an open mind and come away with anything but a conclusion that, in key respects, our UI system can be improved and made to work better for all interested parties.

I want to begin my discussion by pointing out some of the factual findings from the February 1995 Advisory Council report. Many of you may be generally aware of UI developments, but I think these particular findings deserve mention.

First, there's been a serious erosion in the number of unemployed workers getting UI benefits. The ratio of insured unemployed workers (those that file a claim and have monetary eligibility) and the totally unemployed (those who are unemployed and actively seeking work) is widely used as an indicator of how many unemployed workers get UI benefits. In 1993, 32 of the 52 jurisdictions had an IU/TU ratio under 33 percent. Twelve states had a ratio of less than 25 percent. South Dakota had a ratio of 15.3 percent. In other words, the ratio of unemployed workers getting UI benefits was a third or less in a majority of the states, and less than 2 in 10 in South Dakota.

Complaints about the declining proportion of unemployed workers getting UI have not been met with sympathy by employers. However, even so-called "job losers" are no longer getting UI benefits at past levels. Job

losers fall in the unemployed workers category which is closest to the involuntarily unemployed workers who are supposed to get UI—even according to most employers.

The 1995 report finds a steep decline in receipt of UI benefits in the "job losers" category. In fact, the ratio of UI claimants to job losers has fallen nearly forty percent since 1970.

The other reason cited for the reduced number of unemployed workers getting UI benefits is that eligible workers apparently aren't applying. While the research on non-applicants is not as clear as we might wish, on a practical level there are many things we can do to encourage potentially eligible UI claimants to apply for benefits. These include providing better UI claims information to workers at the time of layoff, permitting electronic and telephone claims, prohibiting employer retaliation, and continuing to improve the customer service aspects of agency claims handling. I believe that the Advisory Council will consider some of these administrative matters in the coming year.

Analysts disagree about why the ratio of insured unemployed workers to totally unemployed workers has fallen, but all recent studies show that legislative restrictions on UI eligibility and disqualifications have contributed. The only argument among the experts is the weight assigned to federal and state UI law changes as compared to other factors.

In fact, in most states, there are dollar estimates made on the amount of money to be "saved" when legislative restrictions on UI are passed. Since many of you have pushed for this so-called "cost saving" legislation to reduce the number of UI benefits recipients in your states, we should have few claims of innocence in this audience. We in organized labor are past the point of needing more studies concerning the reasons for the decline in receipt of UI benefits. We expect positive action to reverse the decline.

Often, when government is slow to act or fails to act, we have to look for solutions elsewhere. That's what we've done in the Steelworkers—in this and other areas, such as employment security, pensions and health care.

For the unemployed, we have negotiated supplemental unemployment benefits—commonly known as SUB. The fair-minded employers we have contracts with recognize that unemployment compensation by itself—where it exists—is nowhere near sufficient to keep a family going.

With SUB, however, circumstances improve substantially. When one of our members is laid off, SUB will provide benefits ranging from 70 percent to 90 percent of the worker's wages. And it provides these benefits for two years.

When the worker is receiving UC, that amount is deducted from the SUB payment. When UC expires, SUB makes up the difference. The result is that no matter what the level of UC is, the worker receives the same percentage of wages.

The rationale is simple: Workers should not suffer for events over which they have no control. SUB payments help them to survive until they are recalled to their former jobs, or until they find new employment.

Even though we are proud of what we have done in this area, we feel this is an area that is properly the government's responsibility. Is any that with full knowledge of the atmosphere in Washington—an atmosphere with which I disagree completely. But that's a different story for a different time.

The problem we are dealing with today has its own import, and I'm pleased that the Advisory Council report this year makes specific recommendations to reverse the decline